

271B.6-230 Share dividends. (Effective until contingency met)

- (1) Unless the articles of incorporation provide otherwise, shares may be issued pro rata to the corporation's shareholders or to the shareholders of one (1) or more classes or series to the extent:
 - (a) The aggregate consideration received by the corporation for the issuance of all shares of such class or series then outstanding includes consideration for the issuance of such shares pro rata, as provided in subsection (1) of KRS 271B.6-210; and/or
 - (b) The consolidated net income of the corporation, measured either for the current fiscal year or for all prior fiscal years, less the amount of distributions in the form of dividends theretofore paid to shareholders, is not less than the consideration determined by the board of directors for the issuance of such shares pro rata.

An issuance of shares under this subsection shall be considered a share dividend.

- (2) Shares of one (1) class or series may not be issued as a share dividend in respect of shares of another class or series unless:
 - (a) The articles of incorporation so authorize;
 - (b) A majority of the votes entitled to be cast by the class or series to be issued approve the issue; or
 - (c) There are no outstanding shares of the class or series to be issued.
- (3) If the board of directors does not fix the record date for determining shareholders entitled to a share dividend, it shall be the date the board of directors authorizes the share dividend.

Effective: January 1, 1989

History: Created 1988 Ky. Acts ch. 23, sec. 40, effective January 1, 1989.

271B.6-230 Share dividends. (Effective November 15, 2002, if contingency met)

- (1) Unless the articles of incorporation provide otherwise, shares may be issued pro rata and without consideration to the corporation's shareholders or to the shareholders of one (1) or more classes or series. An issuance of shares under this subsection shall be considered a share dividend.
- (2) Shares of one (1) class or series may not be issued as a share dividend in respect of shares of another class or series unless:
 - (a) The articles of incorporation so authorize;
 - (b) A majority of the votes entitled to be cast by the class or series to be issued approve the issue; or
 - (c) There are no outstanding shares of the class or series to be issued.
- (3) If the board of directors does not fix the record date for determining shareholders entitled to a share dividend, it shall be the date the board of directors authorizes the share dividend.

Effective: November 15, 2002, if contingency met

History: Amended 2002 Ky. Acts ch. 102, sec. 11, effective November 15, 2002, if contingency met. -- Created 1988 Ky. Acts ch. 23, sec. 40, effective January 1, 1989.

Legislative Research Commission Note (11/15/02). 2002 Ky. Acts ch. 102, sec. 22, provides that this section "shall take effect November 15, 2002, if a constitutional amendment proposing to amend Sections 190, 191, 192, 193, 194, 195, 198, 200, 202, 203, 205, 207, and 208 of the Constitution of Kentucky relating to corporations is enacted by the General Assembly and approved by the voters in the November, 2002 general elections. Otherwise, [this section] shall be void."

A constitutional amendment proposing to amend 11 of those 13 sections of the Constitution was enacted by the General Assembly and approved by the voters. During the 2002 Regular Session, the General Assembly enacted 2002 Ky. Acts ch. 341, which proposed to amend Sections 190, 191, 192, 193, 194, 198, 200, 202, 203, 207, and 208 of the Constitution of Kentucky. The voters approved that amendment in the November, 2002 general elections.